

TOWN OF SURFSIDE, FLORIDA

FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2008

Prepared by

Finance Support Services Department

**Martin D. Sherwood, CPA, CGFO
Finance Support Services Director**

TOWN OF SURFSIDE, FLORIDA

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INTRODUCTORY SECTION

TOWN OF SURFSIDE, FLORIDA

LISTING OF ELECTED OFFICIALS AND ADMINISTRATIVE PERSONNEL

FISCAL YEAR ENDED SEPTEMBER 30, 2008

TOWN COMMISSION

Charles W. Burkett, Mayor

Marc Imberman, Vice Mayor

Elizabeth Calderon, Commissioner

Steven Levine, Commissioner

Howard S. Weinberg, Commissioner

OFFICIALS

Gary L. Word, CM-ICMA, Town Manager

David Allen, Police Chief

Beatris Arguelles, Town Clerk

Lynn M. Dannheisser, Esq., Weiss Serota, et al, Town Attorney

Tim Milian, Parks and Recreation Director

Fernando Rodriquez, Public Works Director

Martin D. Sherwood, CPA CGFO, Finance Support Services Director

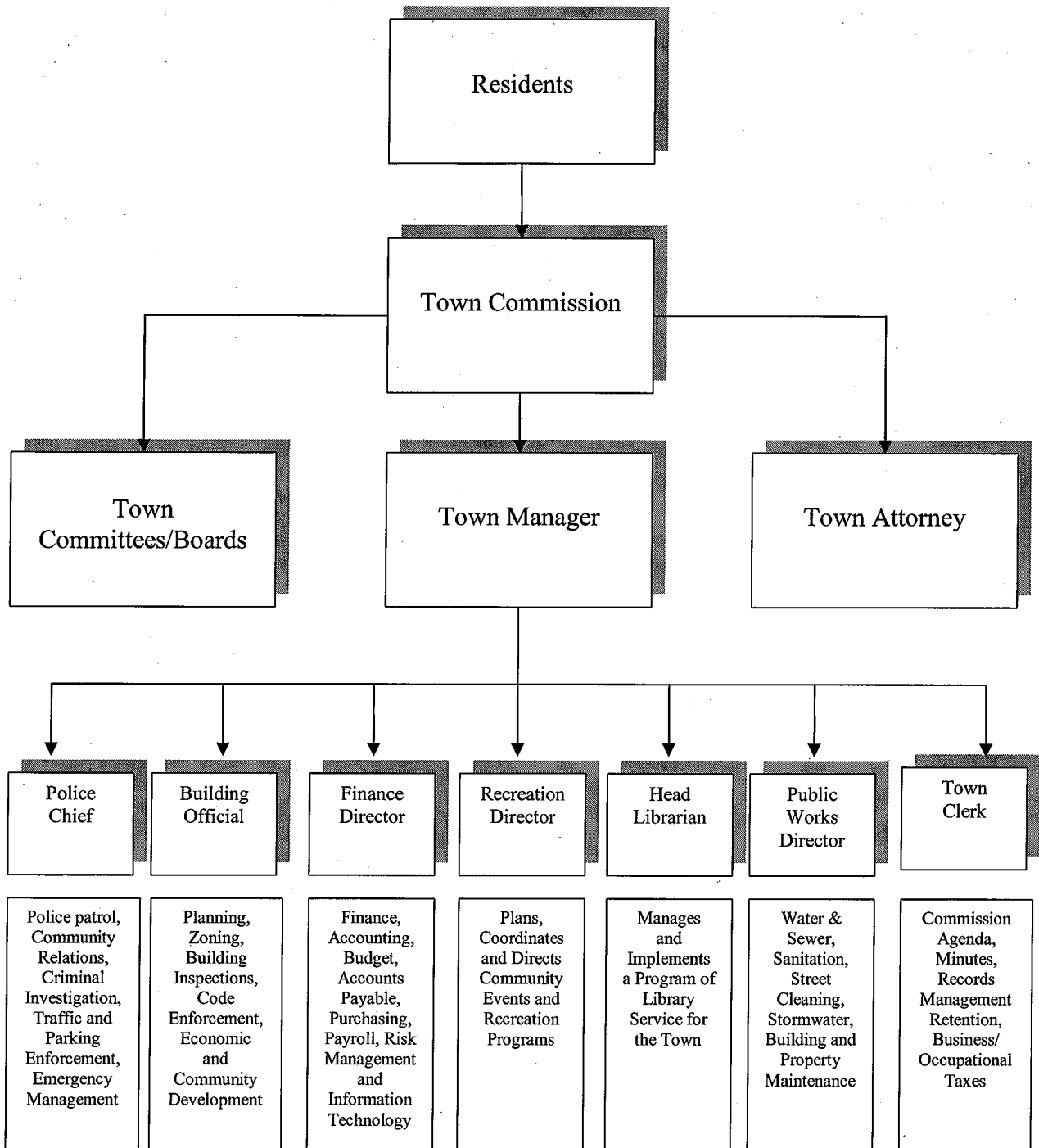
TOWN AUDITORS

MarcumRachlin, a division of Marcum LLP
Accountants ▪ Advisors

TOWN OF SURFSIDE, FLORIDA

ORGANIZATION CHART

FISCAL YEAR ENDED SEPTEMBER 30, 2008



FINANCIAL SECTION

**REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS**

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Honorable Mayor, Town Commission and Town Manager
Town of Surfside, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Surfside, Florida (the Town) as of and for the fiscal year ended September 30, 2008, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Retirement Plan for the Employees of the Town of Surfside, Florida (Pension Trust Fund) which represents approximately 87% and (61%) respectively, of the assets and revenues of the aggregate remaining fund information. Those financial statements were audited by an other independent auditor whose report thereon has been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included for the Retirement Plan for the Employees of the Town of Surfside, Florida (Pension Trust Fund), is based solely on the report of the other auditor.

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.


In our opinion and the opinion of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town, as of September 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States.

Honorable Mayor, Town Commission and Town Manager
Town of Surfside, Florida
Page Two

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2009 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and the Required Supplementary Information on pages 3 to 14 and pages 43 to 46, respectively, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, combining and individual fund statements and schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Town. The combining and individual fund statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The information identified in the table of contents as the introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion thereon.



a division of Marcum LLP
Miami, Florida
September 29, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

TOWN OF SURFSIDE

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED SEPTEMBER 30, 2008

As management of the Town of Surfside (the Town), we offer readers of the Town's financial statements this narrative overview and analysis of the Town's financial activities for the fiscal year ended September 30, 2008. We encourage readers to consider the information presented here in conjunction with the financial statements and notes to financial statements which follow.

Financial Highlights

The following are the highlights of financial activity for the fiscal year ended September 30, 2008:

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$22,518,626 (net assets). Of this amount \$9,944,104 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Town's total net assets decreased by \$1,352,543.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$8,814,348, a decrease of \$1,954,323 in comparison with the prior year. Approximately, ninety percent (90%) of the total governmental fund balance, \$7,920,061, is unreserved, undesignated, unrestricted and available for spending at the Town's discretion.
- At the end of the current fiscal year, unreserved, undesignated fund balance for the general fund was \$6,786,540, or 74% of the total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Surfside's financial statements. The Town's financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, public safety, building inspections and code enforcement, public works (including highways and streets), economic development, and culture and recreation. The business-type activities of the Town include the water and sewer, municipal parking, sanitation, and stormwater utility operations.

The government-wide financial statements can be found on pages 15 - 16 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Surfside, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the capital projects fund, which are considered to be major funds. Data from the other four governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor funds is provided in the form of combining statements elsewhere in this report.

The Town adopts an annual appropriated budget for its general fund as well as its other governmental funds. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

The governmental fund financial statements can be found on pages 17 – 19 of this report.

Proprietary funds. The Town maintains one type of proprietary fund, an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses four enterprise funds to account for the water and sewer, municipal parking, sanitation, and the stormwater utility operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer, municipal parking, and sanitation operations, which are considered major funds of the Town, and the stormwater utility operation, which is considered as a nonmajor fund.

The proprietary fund financial statements can be found on pages 20-23 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. Fiduciary financial statements consist of a statement of fiduciary net assets and a statement of changes in fiduciary net assets.

The fiduciary fund financial statements can be found on pages 24 and 25 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26-42 of this report.

Other information. In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town of Surfside's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information for the retirement plan can be found on pages 45 and 46 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 47 – 53 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town of Surfside, assets exceeded liabilities by \$22,518,626 at the close of the most recent fiscal year.

The Town of Surfside's net assets reflects its investment in capital assets (e.g., land, construction in progress, buildings, machinery and equipment, and infrastructure), which totals \$10,065,280 or 45% of the net assets. As of September 30, 2008, there was no related debt associated with any of these capital assets. The Town of Surfside uses these capital assets to provide services to the citizens; consequently, they are not available for future spending.

Summary of Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Current assets	\$ 9,858,114	\$ 11,843,185	\$ 4,473,978	\$ 4,802,102	\$ 14,332,092	\$ 16,645,287
Capital assets, net	<u>9,102,085</u>	<u>8,014,197</u>	<u>963,196</u>	<u>740,133</u>	<u>10,065,281</u>	<u>8,754,330</u>
Total assets	<u>18,960,199</u>	<u>19,857,382</u>	<u>5,437,174</u>	<u>5,542,235</u>	<u>24,397,373</u>	<u>25,399,617</u>
Long-term liabilities	254,983	273,915	59,782	77,865	314,765	351,780
Other liabilities	<u>847,789</u>	<u>835,412</u>	<u>716,193</u>	<u>341,256</u>	<u>1,563,982</u>	<u>1,176,668</u>
Total liabilities	<u>1,102,772</u>	<u>1,109,327</u>	<u>775,975</u>	<u>419,121</u>	<u>1,878,747</u>	<u>1,528,448</u>
Net assets:						
Invested in capital assets	9,102,085	8,014,197	963,195	740,133	10,065,280	8,754,330
Restricted	819,427	788,412	1,689,815	343,868	2,509,242	1,132,280
Unrestricted	<u>7,935,915</u>	<u>9,945,446</u>	<u>2,008,189</u>	<u>4,039,113</u>	<u>9,944,104</u>	<u>13,984,559</u>
Total net assets	<u>\$ 17,857,427</u>	<u>\$ 18,748,055</u>	<u>\$ 4,661,199</u>	<u>\$ 5,123,114</u>	<u>\$ 22,518,626</u>	<u>\$ 23,871,169</u>

An additional portion of the Town of Surfside's net assets \$2,509,242 (11%) includes resources subject to external restrictions. The remaining balance of unrestricted net assets, \$9,944,104 (44%) may be used to meet the Town's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

Overall the government's net assets decreased \$1,352,543 during the current fiscal year. Although, capital assets increased \$1,310,950 primarily due to construction in progress, net assets primarily decreased due to the decrease in cash which was caused by excess expenditures over revenues including the decrease in property tax revenues and interest earnings of \$1,084,301 and \$547,150, respectively. The decrease is also related to projects that were not originally budgeted for expenditure in fiscal year 2008.

Governmental activities. Governmental activities decreased the Town of Surfside's net assets by \$890,628 thereby accounting for sixty six percent (66%) of the total decline in the net assets of the Town of Surfside. Key elements of this decrease are as follows:

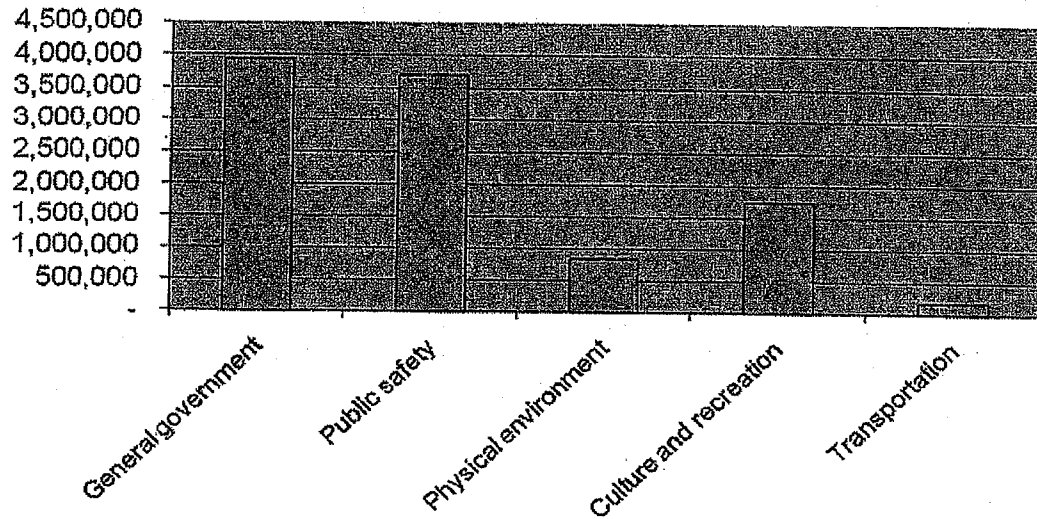
Summary of Changes in Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Revenues:						
Program revenues:						
Charges for services	\$ 582,193	\$ 708,838	\$ 2,545,090	\$ 2,713,878	\$ 3,127,283	\$ 3,422,716
Operating grants and contributions	325,309	316,547	-	-	325,309	316,547
Capital grants and contributions	-	-	12,500	761	12,500	761
General revenues:						
Property taxes	6,292,755	7,377,056	-	-	6,292,755	7,377,056
Other taxes	2,183,622	2,246,458	-	-	2,183,622	2,246,458
Interest earnings	194,695	639,616	98,823	201,052	293,518	840,668
Miscellaneous	49,503	57,941	2,484	-	51,987	57,941
Total revenues	<u>9,628,077</u>	<u>11,346,456</u>	<u>2,658,897</u>	<u>2,915,691</u>	<u>12,286,974</u>	<u>14,262,147</u>
Expenses:						
General government	3,933,155	3,586,294	-	-	3,933,155	3,586,294
Public safety	3,703,961	3,599,072	-	-	3,703,961	3,599,072
Physical environment	848,334	959,705	-	-	848,334	959,705
Culture and recreation	1,748,556	1,238,174	-	-	1,748,556	1,238,174
Transportation	173,759	89,635	-	-	173,759	89,635
Water and sewer	-	-	1,788,324	1,428,258	1,788,324	1,428,258
Municipal parking	-	-	188,086	176,715	188,086	176,715
Sanitation	-	-	1,139,619	1,172,075	1,139,619	1,172,075
Stormwater utility	-	-	115,723	100,970	115,723	100,970
Total expenses	<u>10,407,765</u>	<u>9,472,880</u>	<u>3,231,752</u>	<u>2,878,018</u>	<u>13,639,517</u>	<u>12,350,898</u>
Changes in net assets before transfers	(779,688)	1,873,576	(572,855)	37,673	(1,352,543)	1,911,249
Transfers	(110,940)	-	110,940	-	-	-
Changes in net assets after transfers	(890,628)	1,873,576	(461,915)	37,673	(1,352,543)	1,911,249
Net assets, beginning	<u>18,748,055</u>	<u>16,874,479</u>	<u>5,123,114</u>	<u>5,085,441</u>	<u>23,871,169</u>	<u>21,959,920</u>
Net assets, ending	<u>\$ 17,857,427</u>	<u>\$ 18,748,055</u>	<u>\$ 4,661,199</u>	<u>\$ 5,123,114</u>	<u>\$ 22,518,626</u>	<u>\$ 23,871,169</u>

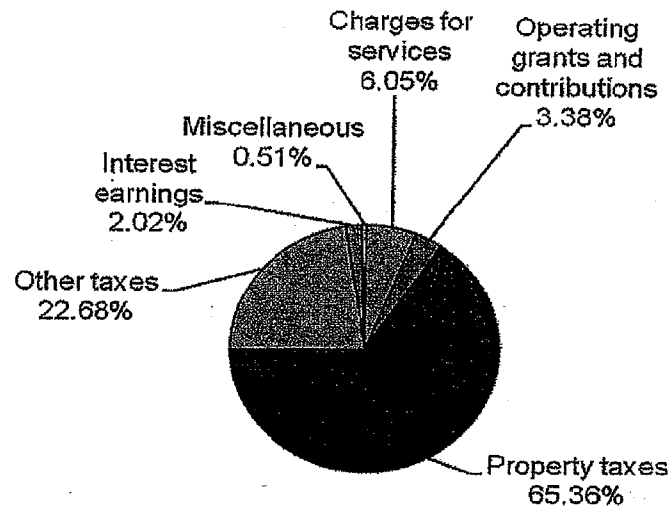
- Taxes, \$8,476,377 comprised 88% of the total revenues, \$9,628,077 during the fiscal year. Most of this category is property taxes of \$6,292,755 which decreased 15% due to the decrease in the millage rate from 5.60 to 4.25 offset by increases in the assessed value of existing property.
- Charges for services, \$582,193 comprised 6% of the total revenues. Most of this category is attributable to building permitting and inspection service revenues and recreation revenues of \$294,869 which decreased 41% due to the decline in general construction activity and recreation programming capacity and attendance due to the demolition of the Community Center.
- Operating and capital grants and contributions accounted for \$325,309 (3.4%) of total revenues.

For the most part, the net increase in expenses represent the loss on disposal of the Community Center building (in excess of \$361,000) as well as increased contractual obligations pertaining to public safety and increases in expenses that closely paralleled inflation and the growth in demand for services, particularly in the area of general government.

Expenses Governmental Activities



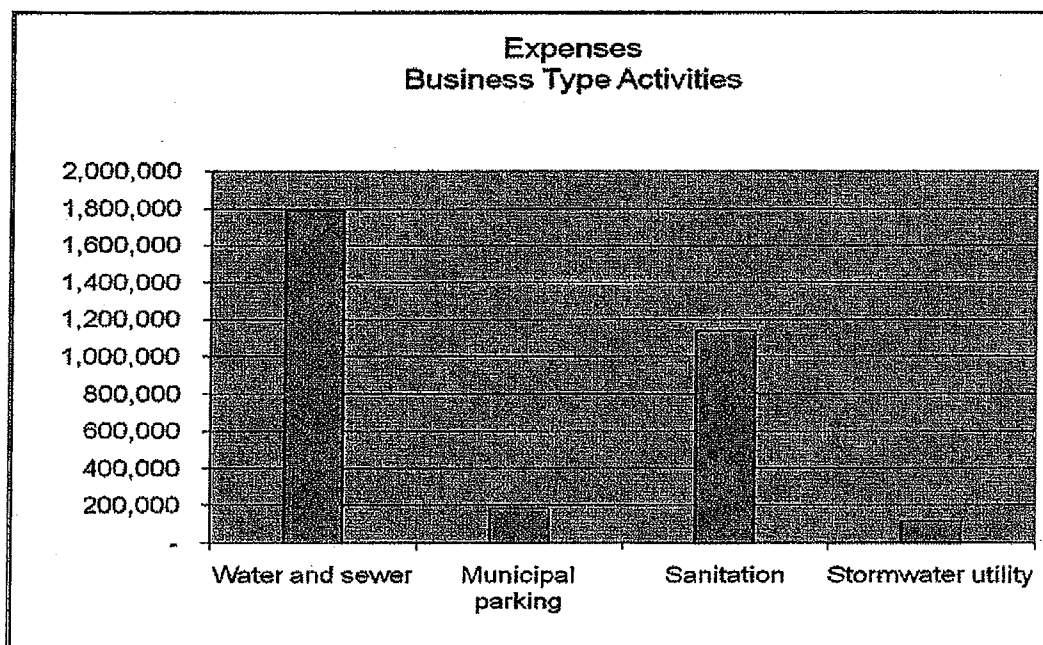
Revenues by Source-Governmental Activities



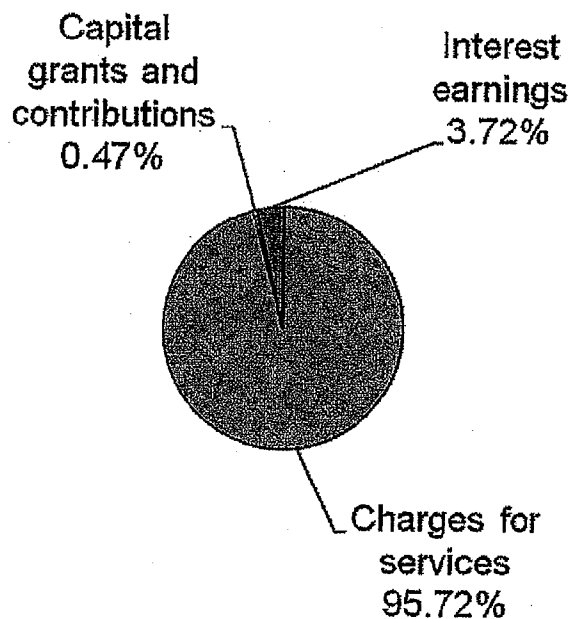
Business-type Activities

Business-type activities decreased the net assets of the Town of Surfside by \$461,915 accounting for over forty two percent (42%) of the total decline in the government's net assets. Key elements of this change are as follows.

- The Sanitation fund accounted for \$246,655 of the decrease in net assets. Solid waste and recycling fees were increased 59%, effective October 1, 2008, to recover the full cost of providing the applicable service.
- The Water and Sewer operations accounted for \$387,467 of the decrease in net assets. The charges for services of the water and sewer operations increased by \$367,965. Water and Sewer fees were increased 41% and 37%, respectively, effective October 1, 2008 to recover the full cost of providing the applicable service.
- The Municipal Parking fund had an increase in net assets of \$159,764. The revenues of the municipal parking increased by \$7,641 or 3% while the operating expenses increased by \$11,371 or 6%, primarily due to equipment maintenance costs. The increase in revenues is mainly the result of increased enforcement offset by more favorable parking privileges for the Town's residents.
- The Stormwater utility fund had an increase in net assets of \$12,443. The revenues of this fund remained level while the operating expenses increased by \$14,753 primarily due to increased personal and administrative expenses. Stormwater fees were increased 114% effective October 1, 2008 in anticipation for continued funding of a major stormwater pollution control capital project.
- Interest earnings for the business-type activities totaled \$98,823 for the current year representing a decrease of \$102,229 or fifty one percent (51%) over the prior year. This decrease is mainly the result of an overall market decline in interest rates during the current year.



Revenues by Source-Business Type Activities



Financial Analysis of the Governmental Funds

As mentioned previously, the Town of Surfside uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$8,814,348, a decrease of \$1,954,323 in comparison with the prior year. Approximately, ninety percent (90%) of the total governmental fund balance, \$7,920,061, is unreserved, undesignated, unrestricted and available for spending at the government's discretion. The remainder of the fund balance \$894,287 or ten percent (10%) is designated or restricted in nature for subsequent years', which require approval by the Town Commission.

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, unreserved and undesignated fund balance of the general fund was \$6,786,540. As a measure of the general fund's liquidity, it may be useful to compare both the unreserved fund balance and total fund balance to total fund expenditures. Unreserved and undesignated fund balance of the general fund represents seventy four percent (74%) of the total general fund expenditures.

The fund balance of the Town's general fund decreased by \$438,932 during the current fiscal year. Key factors in this activity in the fund balance are as follows:

- Property taxes decreased by \$1,084,301 or fifteen percent (15%) over the prior year mainly due to the decrease in the millage rate from 5.60 to 4.25 offset by increases in the assessed value of existing property.
- Interest earnings decreased by \$310,785 or sixty eight percent (68%) over the prior year. Declining interest rates during the current fiscal year were instrumental in this resulting decrease.

The total expenditures of the general fund increased by \$584,812 or seven percent (7%) over the prior year. Key factors in this increase are as follows:

- Expenditures of the general government increased by \$254,263 or 8% over the prior year primarily as a result of increased contractual and pension plan commitments.
- Expenditures for capital outlay increased \$236,333 or 227% over the prior year primarily due to the fact that equipment and projects originally budgeted for expenditure in fiscal year 2007 had been completed as of September 30, 2008.

Proprietary Funds

The Town of Surfside's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water and Sewer Fund at the end of the year totaled \$169,613. The unrestricted net assets of the Municipal Parking Fund at the end of the year amounted to \$2,298,307. The unrestricted net assets (deficit) of the Sanitation Fund and Stormwater Utility Fund totaled \$(296,003) and \$(163,728), respectively. The total growth (decline) in net assets in the proprietary funds are as follows: Water and Sewer Fund (\$387,467); Municipal Parking Fund \$159,764; Sanitation Fund (\$357,595) and Stormwater Utility Fund \$12,443. Other factors concerning the finances of these funds have already been addressed in the discussion of the Town of Surfside's business-type activities.

General Fund Budgetary Highlights

During the year there was a slight increase in appropriations between the original and final amended budget in the amount of \$6,136. These increases were possible through the usage of the prior years' fund balance.

Capital Assets

The Town of Surfside's investment in capital assets for its governmental and business-type activities as of September 30, 2008, amounts to \$10,065,281 (net of accumulated depreciation). The investment in capital assets includes land, construction in progress, buildings, furniture and equipment, and infrastructure. The investment does not include governmental infrastructure assets acquired prior to fiscal year ended September 30, 2004, as GASB 34 does not require Phase III governments to report infrastructure retroactively. The total increase in the Town's investment in net capital assets for the current fiscal year was fifteen percent (a twelve percent increase for governmental activities and a three percent increase for business-type activities).

Major capital asset events during the current fiscal year in the governmental activities included:

- A new Community Center and Aquatics Facility construction in progress totaled \$1,314,456
- Vehicle acquisitions in the police department totaled \$90,109. Equipment acquisitions in this department totaled \$18,634.
- Vehicle acquisition pertaining to code enforcement totaled \$23,084.
- Acquisitions in general government consist mainly of broadcasting and computer equipment totaled \$110,297.
- Culture and recreation department acquisitions consisted primarily of library books and computer equipment totaled \$32,681 and \$2,494, respectively.

Capital Assets (Net of Accumulated Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Capital assets:						
Land	\$ 1,461,229	\$ 1,461,229	\$ -	\$ -	\$ 1,461,229	\$ 1,461,229
Construction in progress	1,579,950	265,494	323,466	-	1,903,416	265,494
Buildings	2,772,144	2,913,694	-	-	2,772,144	2,913,694
Furniture and equipment	1,567,506	1,399,000	121,562	147,973	1,689,068	1,546,973
Infrastructure	1,721,256	1,974,780	518,168	592,160	2,239,424	2,566,940
Total assets	<u>\$ 9,102,085</u>	<u>\$ 8,014,197</u>	<u>\$ 963,196</u>	<u>\$ 740,133</u>	<u>\$ 10,065,281</u>	<u>\$ 8,754,330</u>

Additionally, the former Community Center building and related improvements were demolished resulting in substantial amounts of old and fully depreciated assets disposed during the year and written off as of year end.

Major capital asset events during the current fiscal year in the business-type activities included:

- Commenced forward with a Stormwater pollution control project funded through a cost share program with the Florida Department of Environmental Protection resulting in construction in progress of \$294,924.

Additional information on the Town of Surfside's capital assets can be found in Note 6 on pages 37 – 38 of this report.

Long-Term Liabilities

The Town of Surfside's long-term liabilities consist only of compensated absences payable to the Town's employees for earned but unused vacation and sick benefits, which are limited to certain maximums. The balances as of September 30, 2008, are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Payable Within One Year</u>
Governmental activities	<u>\$ 304,350</u>	<u>\$ 128,017</u>	<u>\$ 149,053</u>	<u>\$ 283,314</u>	<u>\$ 28,331</u>
Business-type activities	<u>\$ 86,518</u>	<u>\$ 2,403</u>	<u>\$ 22,495</u>	<u>\$ 66,426</u>	<u>\$ 6,644</u>

Additional information of the Town of Surfside's long-term liabilities (compensated absences) can be found in Note 7 on page 38 of this report.

Economic Factors and Next Year's Budgets and Rates

The State of Florida, by constitution, does not have a state personal income tax and therefore the State operates primarily using sales, gasoline and corporate income taxes. Local governments (towns and cities, counties, school boards) primarily rely on property and an array of permitted other taxes (utility taxes, franchise fees and occupational taxes) as well as intergovernmental revenues for their governmental activities. For business-type activities and certain governmental activities (construction services and recreational programs), the user pays a related fee or charge associated with the service.

The adopted operating budget for fiscal year 2008/09 totals \$26.8 million, 88% higher than the final operating budget for fiscal year 2007/08. The increase is primarily due to expectations for a bond referendum as well as utilization of fund balance to design and construct a new Community Center and Aquatics Facility.

The Town's current millage rate of 4.25 was reduced from 5.60 that was in effect for the prior sixteen years. Because of contractual obligations, the Town Commission increased the millage rate to 4.7332 for the year ending September 30, 2008.

The economic condition for the Town during the past year was good, and the outlook for the future is positive. The occupancy rate for the commercial district is nearly at capacity with no significant decline anticipated in the foreseeable future.

For business-type and certain governmental activities (utility services and recreational programs), the user pays a related fee or charge associated with the services. Effective October 1, 2008, water and sewer rates increased 41% and 37%, respectively; sanitation fees increased 59%; and stormwater fees increased 114%.

During the fiscal year ending September 30, 2009, the Town will be considering the following programs/projects.

- The Town is proceeding with plans for the design and construction project known as the new Community Center, which includes the community center, aquatics facility, and library.
- Improving the parking facilities in the downtown area.
- Planning for and the construction of a beach walking path.
- The tourist bureau will continue to present art festivals, conduct activities on the beach, and other community activities for the Town's residents.
- Studies regarding the installation of new storm water pump stations in conjunction with the Florida Department of Transportation (FDOT).
- Studies regarding a Wastewater (sewer) system rehabilitation program.
- Studies regarding a Water system maintenance program
- Evaluations of and applications for additional grants and additional funding from the State and County for various Town projects.

All of the above factors were considered in preparing the Town of Surfside's budget for the fiscal year ending September 30, 2009.

Requests for Information

This financial report is designed to provide a general overview of the Town of Surfside's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Manager, Town of Surfside, 9293 Harding Avenue, Surfside, Florida 33154.

FINANCIAL STATEMENTS

TOWN OF SURFSIDE, FLORIDA

STATEMENT OF NET ASSETS

SEPTEMBER 30, 2008

	Governmental <u>Activities</u>	Business- type <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 7,547,246	\$3,912,013	\$11,459,259
Investments	396,581	-	396,581
Receivables	914,702	423,877	1,338,579
Internal balances	(65,248)	65,248	-
Prepaid items	110,586	27,577	138,163
Restricted assets:			
Cash and investments	729,939	45,263	775,202
Net pension asset	224,308	-	224,308
Capital assets, not being depreciated	3,041,179	323,466	3,364,645
Capital assets, being depreciated, net	<u>6,060,906</u>	<u>639,730</u>	<u>6,700,636</u>
Total assets	<u>18,960,199</u>	<u>5,437,174</u>	<u>24,397,373</u>
<u>LIABILITIES</u>			
Accounts payable	476,040	293,869	769,909
Accrued liabilities	238,324	269,673	507,997
Customer deposits	71,098	121,490	192,588
Unearned revenue	33,996	24,517	58,513
Noncurrent liabilities:			
Due within one year	28,331	6,644	34,975
Due in more than one year	<u>254,983</u>	<u>59,782</u>	<u>314,765</u>
Total liabilities	<u>1,102,772</u>	<u>775,975</u>	<u>1,878,747</u>
<u>NET ASSETS</u>			
Invested in capital assets	9,102,085	963,195	10,065,280
Restricted for:			
Law enforcement	146,657	-	146,657
Transportation	469,179	-	469,179
Tourism	203,591		
Renewal and replacement	-	1,689,815	1,689,815
Unrestricted	<u>7,935,915</u>	<u>2,008,189</u>	<u>9,944,104</u>
Total net assets	<u>\$ 17,857,427</u>	<u>\$4,661,199</u>	<u>\$22,518,626</u>

See notes to basic financial statements.

TOWN OF SURFSIDE, FLORIDA

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED SEPTEMBER 30, 2008

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
Governmental activities:					
General government	\$ 3,933,155	\$ 169,749	\$ 24,288	\$ -	\$ (3,739,118)
Public safety	3,703,961	287,324	5,347	-	(3,411,290)
Physical environment	848,334	-	-	-	(848,334)
Culture and recreation	1,748,556	125,120	-	-	(1,623,436)
Transportation	173,759	-	295,674	121,915	121,915
Total governmental activities	10,407,765	582,193	325,309	(9,500,263)	(9,500,263)
Business-type activities:					
Water and sewer	1,788,324	1,352,247	-	-	(436,077)
Municipal parking	188,086	296,600	-	-	108,514
Sanitation	1,139,619	782,024	-	-	(357,595)
Stormwater utility	115,723	114,219	12,500	-	10,996
Total business-type activities	3,231,752	2,545,090	12,500	(674,162)	(674,162)
Total	\$ 13,639,517	\$ 3,127,283	\$ 325,309	(9,500,263)	(10,174,425)
General revenues:					
Taxes:					
Property taxes	6,292,755	-	-	-	6,292,755
Resort taxes	424,279	-	-	-	424,279
Franchise fees based on gross receipts	463,823	-	-	-	463,823
Utility taxes	438,335	-	-	-	438,335
Communications services tax	337,348	-	-	-	337,348
Unrestricted intergovernmental revenues	519,837	-	-	-	519,837
Unrestricted investment earnings	194,695	-	-	98,823	293,518
Gain on sale of capital assets	-	-	-	2,484	2,484
Miscellaneous revenues	49,503	-	-	-	49,503
Transfers	(110,940)	-	-	110,940	-
Total general revenues	8,609,635	-	-	212,247	8,821,882
Change in net assets	(890,628)	-	-	(461,915)	(1,352,543)
Net assets, beginning	18,748,055	-	-	5,123,114	23,871,169
Net assets, ending	\$ 17,857,427	-	-	\$ 4,661,199	\$ 22,518,626

See notes to basic financial statements.

TOWN OF SURFSIDE, FLORIDA

BALANCE SHEET GOVERNMENTAL FUNDS

SEPTEMBER 30, 2008

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$6,407,070	\$1,154,185	\$ 715,930	\$ 8,277,185
Investments	291,014	91,558	14,009	396,581
Receivables	807,103	-	107,599	914,702
Prepaid items	101,996	-	8,590	110,586
Total assets	<u>\$7,607,183</u>	<u>\$1,245,743</u>	<u>\$ 846,128</u>	<u>\$ 9,699,054</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 335,880	112,222	\$ 27,938	\$ 476,040
Accrued liabilities	233,936	-	4,388	238,324
Due to other funds	43,737	-	21,511	65,248
Unearned revenues	33,996	-	-	33,996
Customer deposits	71,098	-	-	71,098
Total liabilities	<u>718,647</u>	<u>112,222</u>	<u>53,837</u>	<u>884,706</u>
Fund balances:				
Reserved for prepaid items	101,996	-	8,590	110,586
Unreserved, undesignated reported in:				
General fund	6,786,540	-	-	6,786,540
Capital projects fund	-	1,133,521	-	1,133,521
Special revenue funds	-	-	783,701	783,701
Total fund balances	<u>6,888,536</u>	<u>1,133,521</u>	<u>792,291</u>	<u>8,814,348</u>
Total liabilities and fund balances	<u>\$7,607,183</u>	<u>\$1,245,743</u>	<u>\$ 846,128</u>	

Amounts reported for governmental activities in the statement

of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

9,102,085

A negative (NPO) net pension obligation is not considered to represent a financial asset and therefore is not reported in the governmental funds.

224,308

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

(283,314)

Net assets of governmental activities

\$ 17,857,427

See notes to basic financial statements.

TOWN OF SURFSIDE, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$6,292,755	\$ -	\$ -	\$ 6,292,755
Resort taxes	278,418	-	145,861	424,279
Utility taxes	438,335	-	-	438,335
Communications services tax	337,348	-	-	337,348
Franchise fees	463,823	-	-	463,823
Licenses and permits	169,749	-	-	169,749
Intergovernmental	664,088	-	223,419	887,507
Charges for services	125,120	-	-	125,120
Fines and forfeitures	205,588	-	81,736	287,324
Interest earnings	144,795	34,119	15,781	194,695
Miscellaneous	41,621	-	7,882	49,503
Total revenues	<u>9,161,640</u>	<u>34,119</u>	<u>474,679</u>	<u>9,670,438</u>
Expenditures:				
Current:				
General government	3,361,034	-	467,806	3,828,840
Public safety	3,469,413	-	114,882	3,584,295
Physical environment	749,358	-	-	749,358
Culture and recreation	1,287,622	-	-	1,287,622
Transportation	-	-	159,979	159,979
Capital outlay	<u>340,304</u>	<u>1,314,456</u>	<u>248,967</u>	<u>1,903,727</u>
Total expenditures	<u>9,207,731</u>	<u>1,314,456</u>	<u>991,634</u>	<u>11,513,821</u>
Deficiency of revenues over expenditures	<u>(46,091)</u>	<u>(1,280,337)</u>	<u>(516,955)</u>	<u>(1,843,383)</u>
Other financing sources (uses):				
Transfers in	-	2,383,200	281,901	2,665,101
Transfers out	<u>(392,841)</u>	<u>-</u>	<u>(2,383,200)</u>	<u>(2,776,041)</u>
Total other financing sources (uses)	<u>(392,841)</u>	<u>2,383,200</u>	<u>(2,101,299)</u>	<u>(110,940)</u>
Net change in fund balances	(438,932)	1,102,863	(2,618,254)	(1,954,323)
Fund balances, beginning	<u>7,327,468</u>	<u>30,658</u>	<u>3,410,545</u>	<u>10,768,671</u>
Fund balances, ending	<u>\$6,888,536</u>	<u>\$1,133,521</u>	<u>\$ 792,291</u>	<u>\$ 8,814,348</u>

See notes to basic financial statements.

TOWN OF SURFSIDE, FLORIDA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED SEPTEMBER 30, 2008

Amounts reported for governmental activities in the statement of activities
(Page 16) are different because:

Net change in fund balances - total governmental funds (Page 18) \$(1,954,323)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

The details of the difference are as follows:

Capital outlay	\$ 1,903,727	
Depreciation	<u>(458,022)</u>	
Net adjustment		1,445,705

Loss on disposal of capital assets (361,264)

The net effect of various transactions involving capital assets 3,447

Under the modified accrual basis of accounting used in the governmental funds, revenues are not recognized until funds are measurable and available to finance current expenditures. In the statement of activities, however, which is presented on the accrual basis, revenues are reported when earned.

The detail of the difference is as follows:

Transit surtax proceeds recognized in prior year (42,361)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

The detail of the difference is as follows:

Compensated absences 21,036

Governmental funds report pension contributions as expenditures. However, contributions in excess of annual pension cost is reported as a net pension asset in the statement of net assets

(2,868)

Change in net assets of governmental activities (Page 16) \$ (890,628)

See notes to basic financial statements.

TOWN OF SURFSIDE, FLORIDA

STATEMENT OF NET ASSETS PROPRIETARY FUNDS

SEPTEMBER 30, 2008

	<u>Business-type Activities - Enterprise Funds</u>				
	<u>Water and Sewer</u>	<u>Municipal Parking</u>	<u>Sanitation</u>	<u>Nonmajor Stormwater Utility</u>	<u>Totals</u>
<u>ASSETS</u>					
Current assets:					
Cash and cash equivalents	\$1,850,827	\$2,027,093	\$ -	\$ 34,093	\$3,912,013
Accounts receivables, net	337,309	1,927	48,749	35,892	423,877
Due from other funds	26,125	292,898	-	-	319,023
Prepaid items	5,384	1,270	20,923	-	27,577
Total current assets	<u>2,219,645</u>	<u>2,323,188</u>	<u>69,672</u>	<u>69,985</u>	<u>4,682,490</u>
Noncurrent assets:					
Restricted assets:					
Cash and cash equivalents	23,621	-	-	-	23,621
Investments	21,642	-	-	-	21,642
Total restricted assets	<u>45,263</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,263</u>
Capital assets:					
Construction in progress	28,542	-	-	294,924	323,466
Infrastructure	1,273,252	729,279	-	265,728	2,268,259
Equipment	126,923	95,645	343,512	-	566,080
	1,428,717	824,924	343,512	560,652	3,157,805
Less accumulated depreciation	<u>(1,212,341)</u>	<u>(701,080)</u>	<u>(247,972)</u>	<u>(33,216)</u>	<u>(2,194,609)</u>
Total capital assets, net	<u>216,376</u>	<u>123,844</u>	<u>95,540</u>	<u>527,436</u>	<u>963,196</u>
Total noncurrent assets	<u>261,639</u>	<u>123,844</u>	<u>95,540</u>	<u>527,436</u>	<u>1,008,459</u>
Total assets	<u>2,481,284</u>	<u>2,447,032</u>	<u>165,212</u>	<u>597,421</u>	<u>5,690,949</u>
<u>LIABILITIES</u>					
Current liabilities:					
Accounts payable	194,454	21,775	43,310	34,330	293,869
Accrued liabilities	245,414	1,897	20,952	1,410	269,673
Due to other funds	-	-	253,775	-	253,775
Compensated absences	2,639	121	3,784	100	6,644
Unearned revenue	14,706	-	9,811	-	24,517
Payable from restricted assets:					
Customer deposits	121,490	-	-	-	121,490
Total current liabilities	<u>578,703</u>	<u>23,793</u>	<u>331,632</u>	<u>35,840</u>	<u>969,968</u>
Noncurrent liabilities:					
Compensated absences	23,753	1,088	34,043	898	59,782
Total noncurrent liabilities	<u>23,753</u>	<u>1,088</u>	<u>34,043</u>	<u>898</u>	<u>59,782</u>
Total liabilities	<u>602,456</u>	<u>24,881</u>	<u>365,675</u>	<u>36,738</u>	<u>1,029,750</u>
<u>NET ASSETS</u>					
Invested in capital assets	216,376	123,844	95,540	527,435	963,195
Restricted for renewal and replacement	1,492,839	-	-	196,976	1,689,815
Unrestricted (deficit)	169,613	2,298,307	(296,003)	(163,728)	2,008,189
Total net assets	<u>\$1,878,828</u>	<u>\$2,422,151</u>	<u>\$ (200,463)</u>	<u>\$ 560,683</u>	<u>\$4,661,199</u>

See notes to basic financial statements.

TOWN OF SURFSIDE, FLORIDA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS PROPRIETARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<u>Business-type Activities - Enterprise Funds</u>				
	<u>Water and Sewer</u>	<u>Municipal Parking</u>	<u>Sanitation</u>	<u>Nonmajor Stormwater Utility</u>	<u>Totals</u>
Operating revenues:					
Charges for services:					
Water sales	\$ 590,717	\$ -	\$ -	\$ -	\$ 590,717
Sewer charges	760,055	-	-	-	760,055
Parking fees	-	296,600	-	-	296,600
Garbage charges	-	-	676,674	-	676,674
Recycling fees	-	-	76,743	-	76,743
Drainage fees	-	-	-	114,219	114,219
Miscellaneous	1,475	-	28,607	-	30,082
Total operating revenues	<u>1,352,247</u>	<u>296,600</u>	<u>782,024</u>	<u>114,219</u>	<u>2,545,090</u>
Operating expenses:					
Personal services	265,892	83,447	513,529	41,866	904,734
Administrative	31,072	72,609	167,852	60,571	332,104
Water system	574,948	-	-	-	574,948
Sewer system	876,751	-	-	-	876,751
Solid waste system	-	-	429,576	-	429,576
Depreciation	39,661	32,030	28,662	13,286	113,639
Total operating expenses	<u>1,788,324</u>	<u>188,086</u>	<u>1,139,619</u>	<u>115,723</u>	<u>3,231,752</u>
Operating income (loss)	<u>(436,077)</u>	<u>108,514</u>	<u>(357,595)</u>	<u>(1,504)</u>	<u>(686,662)</u>
Nonoperating revenues:					
Gain on sale of capital assets	-	2,484	-	-	2,484
Grants	-	-	-	12,500	12,500
Interest earnings	48,610	48,766	-	1,447	98,823
Total nonoperating revenues	<u>48,610</u>	<u>51,250</u>	<u>-</u>	<u>13,947</u>	<u>113,807</u>
Income (loss) before transfers	<u>(387,467)</u>	<u>159,764</u>	<u>(357,595)</u>	<u>12,443</u>	<u>(572,855)</u>
Transfers in	<u>-</u>	<u>-</u>	<u>110,940</u>	<u>-</u>	<u>110,940</u>
Change in net assets	<u>(387,467)</u>	<u>159,764</u>	<u>(246,655)</u>	<u>12,443</u>	<u>(461,915)</u>
Net assets, beginning	<u>2,266,295</u>	<u>2,262,387</u>	<u>46,192</u>	<u>548,240</u>	<u>5,123,114</u>
Net assets (deficit), ending	<u>\$1,878,828</u>	<u>\$2,422,151</u>	<u>\$(200,463)</u>	<u>\$ 560,683</u>	<u>\$4,661,199</u>

See notes to basic financial statements.

TOWN OF SURFSIDE, FLORIDA

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<u>Business-type Activities - Enterprise Funds</u>				
	<u>Water and Sewer</u>	<u>Municipal Parking</u>	<u>Sanitation</u>	<u>Nonmajor Stormwater Utility</u>	<u>Totals</u>
Cash flows from operating activities:					
Receipts from customers	\$ 1,353,516	\$ 296,600	\$ 758,512	\$ 99,689	\$ 2,508,317
Payments to suppliers	(1,355,057)	(56,044)	(602,708)	(34,829)	(2,048,638)
Payments to employees	(91,524)	(83,995)	(524,534)	(40,721)	(740,774)
Net cash provided (used) by operating activities	(93,065)	156,561	(368,730)	24,139	(281,095)
Cash flows from non-capital financing activities:					
Due from other funds	-	(292,898)	-	-	(292,898)
Due to other funds	-	-	253,775	-	253,775
Transfers in	-	-	110,940	-	110,940
Net cash provided by non-capital and related financing activities	-	(292,898)	364,715	-	71,817
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(28,542)	(13,236)	-	(282,424)	(324,202)
Proceeds from sales of capital assets	-	2,486	-	-	2,486
Net cash used by capital and related financing activities	(28,542)	(10,750)	-	(282,424)	(321,716)
Cash flows from investing activities:					
Interest received	48,610	48,766	-	1,447	98,823
Purchase of investments	(21,642)	-	-	-	(21,642)
Net cash provided by investing activities	26,968	48,766	-	1,447	77,181
Net decrease in cash and cash equivalents	(94,639)	(98,321)	(4,015)	(256,838)	(453,813)
Cash and cash equivalents, beginning	1,969,087	2,125,414	4,015	290,931	4,389,447
Cash and cash equivalents, ending	<u>\$1,874,448</u>	<u>\$2,027,093</u>	<u>\$ -</u>	<u>\$ 34,093</u>	<u>\$ 3,935,634</u>
Cash and cash equivalents per statement of net assets:					
Unrestricted	\$1,850,827	\$2,027,093	\$ -	\$ 34,093	\$ 3,912,013
Restricted	23,621	-	-	-	23,621
	<u>\$1,874,448</u>	<u>\$2,027,093</u>	<u>\$ -</u>	<u>\$ 34,093</u>	<u>\$ 3,935,634</u>

(Continued)

See notes to basic financial statements.

TOWN OF SURFSIDE, FLORIDA

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

(Continued)

FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<u>Business-type Activities - Enterprise Funds</u>				
	<u>Water and Sewer</u>	<u>Municipal Parking</u>	<u>Sanitation</u>	<u>Nonmajor Stormwater Utility</u>	<u>Totals</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	<u>\$(436,077)</u>	<u>\$ 108,514</u>	<u>\$(357,595)</u>	<u>\$ (1,504)</u>	<u>\$(686,662)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	39,661	32,030	28,662	13,286	113,639
Change in operating assets and liabilities:					
(Increase) decrease in:					
Accounts receivable	(504)	(1,927)	(24,467)	(14,530)	(41,428)
Due from other funds	(26,125)	-	-	-	(26,125)
Prepaid items	533	122	1,974	-	2,629
Increase (decrease) in:					
Accounts payable	123,712	18,370	(7,254)	25,742	160,570
Accrued liabilities	203,179	(669)	7,307	360	210,177
Unearned revenue	1,773	-	955	-	2,728
Compensated absences	(2,686)	121	(18,312)	785	(20,092)
Customer deposits	3,469	-	-	-	3,469
Total adjustments	<u>343,012</u>	<u>48,047</u>	<u>(11,135)</u>	<u>25,643</u>	<u>405,567</u>
Net cash provided (used) by operating activities	<u>\$ (93,065)</u>	<u>\$ 156,561</u>	<u>\$(368,730)</u>	<u>\$ 24,139</u>	<u>\$(281,095)</u>

See notes to basic financial statements.

TOWN OF SURFSIDE, FLORIDA
STATEMENT OF FIDUCIARY NET ASSETS
PENSION TRUST FUND
SEPTEMBER 30, 2008

ASSETS

Cash and cash equivalents	\$ 354,220
Receivables:	
Plan members' contributions	28,425
Interest	49,821
Total receivables	<u>78,246</u>
Prepaid insurance	<u>1,230</u>
Investments, at fair value:	
U.S. Government securities	538,628
U.S. Government agency bonds	560,434
Mortgage backed securities	719,518
Corporate bonds	1,249,721
Common stocks	6,432,974
Total investments	<u>9,501,275</u>
Total assets	<u>9,934,971</u>

LIABILITIES AND NET ASSETS

Accounts payable	24,532
Refunds payable	13,067
Total liabilities	<u>37,599</u>
Net assets held in trust for pension benefits	<u>\$9,897,372</u>

See notes to basic financial statements.

TOWN OF SURFSIDE, FLORIDA

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS PENSION TRUST FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2008

ADDITIONS

Contributions:

Employer's contributions	\$ 384,416
Plan members' contributions	<u>280,595</u>
Total contributions	<u>665,011</u>

Investment earnings:

Interest	188,079
Dividends	219,301
Net decrease in fair value of investments	<u>(1,934,174)</u>
	<u>(1,526,794)</u>
Less investment expenses	67,182
Net investment earnings	<u>(1,593,976)</u>
Total additions	<u>(928,965)</u>

DEDUCTIONS

Benefits	501,137
Refunds	81,234
Administrative expenses	<u>75,895</u>
Total deductions	<u>658,266</u>

Net decrease	(1,587,231)
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Net assets in trust for pension benefits:

Net assets, beginning	<u>11,484,603</u>
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Net assets, ending	<u>\$9,897,372</u>
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See notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Surfside was incorporated on May 19, 1935. The Town of Surfside's Charter was adopted under the provisions of Chapter 27914, Laws of Florida, 1951. The Town is governed by an elected five-member Board of Commissioners and operates under a commissioner-manager form of government. The Town provides services to its approximately 5,600 residents in many areas including general government, public safety (police), physical environment, solid waste collection, transportation (maintenance of roads and streets), culture and recreation, tourism development, water and sewer utilities, and general administrative services.

The summary of the Town of Surfside, Florida's (the Town) significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. These policies are considered essential and should be read in conjunction with the accompanying financial statements.

The financial statements of the Town of Surfside, Florida have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Town's accounting policies are described below:

A. Financial Reporting Entity

In accordance with accounting principles generally accepted in the United States, these financial statements present the Town and its organizations for which the Town is considered financially accountable. Financial accountability includes 1) the appointment of a voting majority of the organization's governing body, 2) the ability of the primary government to impose its will on the organization, or 3) if there is a financial benefit/burden relationship. In addition, an organization, which is fiscally dependent on the primary government, should be included in its reporting entity. Based on the application of these criteria, there were no organizations that met the criteria described above.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Town. The effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or identifiable activity. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. The Town does not employ an indirect cost allocation system.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-Wide and Fund Financial Statements (Continued)

Separate financial statements are provided for governmental funds, proprietary funds, and the fiduciary fund, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining nonmajor governmental funds are aggregated and reported as other governmental funds.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as required by accrual accounting, except for debt service expenditures and expenditures related to compensated absences, which are recorded when payment is due.

Property taxes and other taxes (such as franchise taxes, utilities taxes, and sales tax), charges for services, intergovernmental revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Revenues for expenditure driven grants are recognized when the qualifying expenditures are incurred. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The reporting practices of the Proprietary Fund Types closely parallel comparable commercial financial reporting, which recognize revenue when earned and expenses when incurred (the accrual basis) including, in the case of the Enterprise Fund, depreciation on its exhaustible capital assets. Earned, but unbilled service receivables have been accrued as revenue in the Enterprise Funds.

The Town reports the following major governmental funds:

The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The *Capital Projects Fund* is used to account for the capital projects of the Town which have received the approval of the Town Commission. Transfers from the general and other funds are made to this fund to cover such expenditures.

The Town reports the following major proprietary funds:

The *Water and Sewer Fund* is used to account for water and sewer utility operations, which are financed and operated in a manner similar to private business enterprises. The intent of the Town is that the costs (expenses including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges.

The *Municipal Parking Fund* accounts for all parking revenues and expenses.

The *Sanitation Fund* is used to account for the activities of the Town residential and commercial refuse, recycling and waste collection system.

The nonmajor proprietary fund of the Town is as follows:

The *Stormwater Utility Fund* is used to account for the stormwater utility fees, which are collected to construct, operate, and maintain a stormwater management system.

Additionally, the government reports the following fund types:

The *Pension Trust Fund* is used to account for the Town's single-employer defined benefit pension plan covering substantially all of its employees.

The private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The Town has the option of following subsequent private-sector guidance for their business-type activities and enterprise funds subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Town's water and sewer function and various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than *program revenues*. The general revenues include all taxes.

Proprietary Funds distinguish *operating revenues* and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise fund are charges to customers for services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

The Town utilizes a pooled cash account for cash and investments of all Town funds other than those which are required to be physically segregated. The pooled cash account concept allows each participating fund to benefit from the economies of scale and improved yield which are inherent to a larger investment pool. Formal accounting records detail the individual equities of the participating funds. The pooled cash system utilizes a single checking account for Town receipts and disbursements with a separate checking account for payroll disbursements.

The Town's cash and cash equivalents are considered to be cash and short-term investments with original maturities of three months or less from the date of acquisition. The Town's cash and cash equivalents include cash on hand, demand deposits, certificates of deposit and investments with the Local Government Surplus Fund administered by the State Board of Administration.

The Town's investment policy follows the requirements of Florida Statutes Chapter 218.415, and attempts to promote, in order of priority, safety of principal, adequate liquidity, and maximization of total return. Investments in the Town of Surfside's local government surplus funds are governed by the provisions of Florida Statutes Section 218.415. Investments in the Town's retirement plan are governed by the Plan's investment policy. All investments of the Town, except the Local Government Surplus Funds Trust Fund (LGIP), are reported at fair value. The LGIP is recorded at its value of the pool shares (2a-7 like pool), which is fair value. Income is recorded in the respective funds as it is earned.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of the interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the fund financial statements.

4. Restricted Assets

Certain resources set aside for the repayment of certain obligations are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited. Additionally, the Town reports amounts paid by customers for water and sewer deposits as restricted assets.

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., sidewalks and other similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year, except for the Library Fund, which records the purchases of all books as assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. The Town has not retroactively reported infrastructure assets acquired prior to the implementation of GASB Statement No. 34 and is not required due to classification as a phase 3 government.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

5. Capital Assets (Continued)

Capital assets of the Town are depreciated using the straight-line method over the estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	15-50
Machinery and equipment	5-10
Infrastructure	10-30

6. Compensated Absences

The Town's policy is to permit employees to accumulate earned but unused sick as well as vacation pay benefits, limited to certain maximums. All vacation and sick pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Compensated absences of governmental funds are typically liquidated from the general fund.

7. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable business-type activities or proprietary fund type statement of net assets.

8. Fund Equity/Net Assets

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance, where noted, represent tentative management plans that are subject to change.

The government-wide and proprietary fund financial statements utilize a net asset presentation. Net assets are categorized as invested in capital assets (net of related debt), restricted, and unrestricted.

9. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results may differ from management's estimates.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 2. DEPOSITS AND INVESTMENTS

Deposits

In addition to insurance provided by the Federal Depository Insurance Corporation, all deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, *Florida Security for Public Deposits Act*, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or another banking institution eligible collateral. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. Accordingly, all amounts reported as deposits are insured or collateralized with securities held by the entity or its agent in the entity's name.

Investments – Town

The Town's Investment Policy authorizes Town officials to invest in those instruments authorized by the Florida Statutes and the Town's Investment Policy, including the certificates of deposit and money market funds (placed with "qualified public depositories") ; U.S. Treasury and Government Agency securities; corporate bonds; commercial paper; mutual funds; repurchase agreements; and the Local Government Surplus Trust Fund administered by the Florida State Board of Administration, Local Government Surplus Funds Trust Fund.

The State Board of Administration (SBA) administers the Local Government Surplus Funds Trust Fund (LGIP) and the Fund B Surplus Funds Trust Fund. (Fund B), both of which are governed by Chapter 19-7 of the Florida Administrative Code and Chapters 218 and 215 of the Florida Statutes. These rules provide guidance and establish the policies and general operating procedures for the administration of the LGIP and Fund B. The LGIP is not a registrant with the Securities and Exchange Commission (SEC); however, the Board has adopted operating procedures consistent with the requirements for a 2a-7 fund, which permits money market funds to use amortized cost to maintain a constant net asset value (NAV) of \$1 per share. The fair value of the position in the LGIP is equal to the value of the pool shares. The Fund B is accounted for as a fluctuating NAV pool. As of September 30, 2008, the fair value factor for Fund B was \$.798385 per share. The Fund B is not subject to participant withdrawal requests. Distributions from Fund B, as determined by the SBA, are effected by transferring eligible cash or securities to the LGIP, consistent with the pro rata allocation of pool shareholders of record at the creation of Fund B. One hundred percent of such distributions from Fund B are available as liquid balance within the LGIP. The investments in the LGIP and Fund B are not insured by FDIC or any other governmental agency.

As of September 30, 2008, the Town had the following investments:

<u>Investment</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
LGIP	\$3,397,274	8.5 days
Fund B	418,223	9.36 years
	<u>\$3,815,497</u>	

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

Investments – Town (Continued)

Interest Rate Risk

The Town has an investment policy to invest in a manner that is consistent with sound business practices in order to protect the assets of the Town residents, provide effective cash management to meet anticipated obligations and earn a rate of return consistent with these inherent restraints. Safety of capital and liquidity are also inherent in the Town's policy. The policy is structured to provide sufficient liquidity to pay obligations as they come due. The Town's investment policy limits the maturities to no more than 7 years for direct United States obligations and to no more than 5 years for United States agency obligations and corporate obligations. Term repurchase agreements are limited to maturities of 90 days or less and certificate of deposits are limited to 2 years or less.

Credit Risk

The Town's investment policy limits investments to the highest ratings issued by a nationally recognized statistical rating organization (NRSRO). The LGIP is rated AAAM by Standard and Poor's. The Fund B is not rated by an NRSRO.

Concentration of Credit Risk

The Town's investment policy states that assets shall be diversified to control the risk of loss resulting from concentration of assets to a specific maturity, instrument, issue, dealer, or bank through which these securities are bought and sold. As of September 30, 2008, the value of each position held in the Town's portfolio is less than five percent in any one issuer.

Investments – Pension Trust Fund

The investment activity of the Plan is directed by an investment advisory firm. The Investment Manager is empowered to invest in cash or cash equivalents, to which quality and minimum risk guidelines apply. The Investment Manager may also invest in U.S. Government obligations; certificates of deposit with major money center banks; commercial paper rated A-1 or P-1 by Standard and Poor's or Moody's respectively; U.S. Government and Government agency securities; and bonds or other evidence of indebtedness issued by a corporation listed on one or more of the recognized national stock exchanges or National Market System of the NASDAQ with an investment quality rating within the top three rating classifications by either Standard and Poor's or Moody's; and equity securities listed on one of the Nation's major stock exchanges with an investment quality ranking within the top three quality classifications by a major rating service. The aggregate investment in any issuing company shall not exceed five percent of the outstanding capital stock, nor shall it exceed ten percent of the fund equity assets. According to the Investment Policy the allowable investment in equities is sixty-five percent (65%) of total assets at market value.

As of September 30, 2008, the investment in equities totaled 66.6% of the total assets excluding the mutual funds, which are not under management. The Investment Manager was advised to rebalance the investment portfolio so that the investments in equities at market would be sixty-five percent (65%) in accordance with the investment policy.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

Investments – Pension Trust Fund (Continued)

As of September 30, 2008, the Plan has the following investments types.

	Weighted Average <u>Fair Value</u>	Maturity <u>(Years)</u>
Investments:		
U.S. treasuries	\$ 538,628	5.560
Government agency bonds	560,434	4.476
Mortgage backed securities	719,518	3.282
Corporate bonds	1,249,721	4.769
Total fair value	<u>\$3,068,301</u>	
Portfolio weighted average maturity		4.231

Interest Rate Risk

In accordance with its investment policy, the Plan manages its exposure to declines in the fair market value of its securities through a conservative approach of managing portfolio exposure to duration, maturity and sector relative to market indices.

Credit Risk

State law limits investments in commercial paper to the two top ratings issued by nationally recognized statistical rating organizations (NRSROs). It is the Plan's policy to limit its investments in these investment types to the top rating issued by the NRSROs. As of September 30, 2008, the Plan's investments in the U.S. Treasury Portfolio was AAA by Standard & Poor's, and Aaa by Moody's Investors Service. The Investment Policy of the Plan states it is permitted to invest in corporate bonds with an investment quality rating with the three top rating classifications by at least two major rating services (Standards & Poor, Moody's or Fitch). The corporate bonds held by the Plan were in the top three rating classifications. The mortgage backed securities were ranked AAA and Aaa by Standard & Poor's, and Moody's, respectively.

Concentration of Credit Risk

The Plan's investment policy does not allow for an investment in any one issuer, other than U.S. Government securities, that is in excess of five percent of the Plan's total net assets. No investment in any one organization represents five percent or more of the net assets available for benefits.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

Investments – Pension Trust Fund (Continued)

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the securities, whether fixed or equities are held in the name of the Plan.

NOTE 3. RECEIVABLES

Receivables as of September 30, 2008 for the Town's individual major funds and non-major stormwater fund, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Water and Sewer	Municipal Parking	Sanitation	Nonmajor Finds	Total
Receivables:						
Property taxes	\$ 266,157	\$ -	\$ -	\$ -	\$ -	\$ 266,157
Intergovernmental	108,829	-	-	-	95,732	204,561
Other	432,117	-	1,927	-	24,367	458,411
Accounts - billed	-	92,676	-	64,998	4,094	161,768
Accounts - unbilled	-	249,983	-	-	19,298	269,281
Gross receivables	807,103	342,659	1,927	64,998	143,491	1,360,178
Less allowance for uncollectibles	-	(5,350)	-	(16,249)	-	(21,599)
Net total receivables	<u>\$ 807,103</u>	<u>\$ 337,309</u>	<u>\$ 1,927</u>	<u>\$ 48,749</u>	<u>\$ 143,491</u>	<u>\$ 1,338,579</u>

NOTE 4. PROPERTY TAXES

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws of the State regulating tax assessments, also, are designed to assure a consistent property valuation method statewide. State statutes permit municipalities to levy property taxes at a rate of up to 10.0 mills. The millage rate assessed by the Town for the fiscal year ended September 30, 2008, was 4.25. The tax levy of the Town is established by the Town Commission prior to October 1 each year, and the County Property Appraiser incorporates the millage into the total tax levy, which includes Miami-Dade County, Miami-Dade County School Board and special taxing districts.

All property is reassessed according to its fair market value as of January 1 each year. Each assessment roll is submitted to the Executive Director of the State Department of Revenue for review to determine if the rolls meet all of the appropriate requirements of State Statutes.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 4. PROPERTY TAXES (Continued)

All real and tangible personal property taxes are due and payable on November 1 of each year or as soon thereafter as the assessment roll is certified by the County Property Appraiser. Miami-Dade County mails to each property owner on the assessment roll a notice of taxes due and Miami-Dade County collects the taxes for the Town. Taxes may be paid upon receipt of such notice from Miami-Dade County, with discounts at the rate of four percent (4%) if paid in the month of November, three percent (3%) if paid in the month of December, two percent (2%) if paid in the month of January, and one percent (1%) if paid in the month of February. Taxes paid during the month of March are without discount and all unpaid taxes on real and tangible personal property become delinquent and liens are placed on April 1 of the year following the year in which the taxes were assessed. Procedures for the collection of delinquent taxes by Miami-Dade County are provided for in the laws of the State of Florida. As of September 30, 2008, there were no material delinquent taxes.

NOTE 5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund Receivables/Payables

The composition of the interfund balances as of September 30, 2008, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Water and Sewer Fund	General Fund	\$ 26,125
Municipal Parking Fund	General Fund	17,612
Municipal Parking Fund	Library Fund	21,511
Municipal Parking Fund	Sanitation Fund	253,775
		<u>\$ 319,023</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between the funds are made.

Interfund Transfers

The composition of the interfund transfers as of September 30, 2008, is as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 392,841
Capital Projects Fund	2,383,200	-
Special Projects Fund	-	2,383,200
Library Fund	281,901	-
Sanitation Fund (Enterprise Fund)	110,940	-
	<u>\$ 2,776,041</u>	<u>\$ 2,776,041</u>

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)

Interfund Transfers (Continued)

The transfer above from the Special Projects Fund to the Capital Projects Fund was to transfer the fund balance into the Capital Projects Fund in order to close the Special Projects Fund. The transfers from the General Fund to the Library Fund and Sanitation Fund were to support the operations of these funds.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2008 was as follows:

	Beginning <u>Balances</u>	<u>Increase</u>	<u>Decrease</u>	Ending <u>Balances</u>
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 1,461,229	\$ -	\$ -	\$ 1,461,229
Construction in progress	265,494	1,314,456	-	1,579,950
Total capital assets, not being depreciated	<u>1,726,723</u>	<u>1,314,456</u>	<u>-</u>	<u>3,041,179</u>
Capital assets being depreciated:				
Buildings	4,131,382	62,395	408,600	3,785,177
Furniture, fixtures and equipment	2,822,596	495,686	289,386	3,028,896
Infrastructure	2,145,889	34,637	234,623	1,945,903
Total capital assets, being depreciated	<u>9,099,867</u>	<u>592,718</u>	<u>932,609</u>	<u>8,759,976</u>
Less accumulated depreciation for:				
Buildings	1,217,688	83,288	287,943	1,013,033
Furniture, fixtures and equipment	1,423,596	280,192	242,397	1,461,391
Infrastructure	171,109	94,542	41,005	224,646
	<u>2,812,393</u>	<u>458,022</u>	<u>571,345</u>	<u>2,699,070</u>
Total capital assets being depreciated, net	<u>6,287,474</u>	<u>134,696</u>	<u>361,264</u>	<u>6,060,906</u>
Governmental activities capital assets, net	<u>\$ 8,014,197</u>	<u>\$ 1,449,152</u>	<u>\$ 361,264</u>	<u>\$ 9,102,085</u>
Business-type activities				
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 323,466	\$ -	\$ 323,466
Total capital assets, not being depreciated	<u>-</u>	<u>323,466</u>	<u>-</u>	<u>323,466</u>
Capital assets being depreciated:				
Equipment	571,793	13,236	18,950	566,079
Infrastructure	2,268,260	-	-	2,268,260
Total capital assets, being depreciated	<u>2,840,053</u>	<u>13,236</u>	<u>18,950</u>	<u>2,834,339</u>
Less accumulated depreciation for:				
Equipment	423,820	39,649	18,950	444,519
Infrastructure	1,676,100	73,990	-	1,750,090
	<u>2,099,920</u>	<u>113,639</u>	<u>18,950</u>	<u>2,194,609</u>
Total capital assets being depreciated, net	<u>740,133</u>	<u>(100,403)</u>	<u>-</u>	<u>639,730</u>
Business-type activities capital assets, net	<u>\$ 740,133</u>	<u>\$ 223,063</u>	<u>\$ -</u>	<u>\$ 963,196</u>

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 6. CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions/programs of the Town as follows:

Governmental activities:	
General government	\$ 125,930
Public safety	119,666
Physical environment	98,976
Culture and recreation	99,670
Transportation	<u>13,779</u>
Total depreciation expense – governmental activities	<u>\$ 458,022</u>
Business-type activities:	
Water and sewer	\$ 39,661
Municipal parking	32,030
Sanitation	28,662
Stormwater utility	<u>13,286</u>
Total depreciation expense – business-type activities	<u>\$ 113,639</u>

NOTE 7. LONG-TERM LIABILITIES

Compensated Absences

Changes in long-term liabilities for the fiscal year ended September 30, 2008 was as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>	Due Within <u>One Year</u>
Governmental activities:					
Compensated absences	<u>\$ 304,350</u>	<u>\$ 128,017</u>	<u>\$ 149,053</u>	<u>\$ 283,314</u>	<u>\$ 28,331</u>
Business-type activities:					
Compensated absences	<u>\$ 86,518</u>	<u>\$ 2,403</u>	<u>\$ 22,495</u>	<u>\$ 66,426</u>	<u>\$ 6,644</u>

NOTE 8. EMPLOYEE RETIREMENT PLAN

The following brief description of the Retirement Plan is provided for general information purposes only. Participants should refer to the Plan documents for more complete information.

Plan Description

The Retirement Plan is a contributory defined benefit single-employer retirement plan covering substantially all employees of the Town of Surfside. All full-time employees became members of the Plan immediately upon employment. The administration of the Plan is under the responsibility of a five-member Board of Trustees, which is subject to the ultimate authority of the Town Commission.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 8. EMPLOYEE RETIREMENT PLAN (Continued)

Plan Description (Continued)

The Retirement Plan was established by a Town ordinance approved by the Commissioners and effective January 1, 1962. The Plan is also subject to certain provisions of Chapter 112, Florida Statutes. The benefit provisions and all other requirements, and amendments are established by Town Ordinance.

Financial statements for the Retirement Plan for Employees of the Town are separately issued and are available at the Town Hall location at 9293 Harding Avenue, Surfside, Florida.

Contributions and Funding Policy

Funding of the Plan is provided by contributions from the Town and the employees. The Town's funding policy provides for annual actuarially determined periodic contributions at rates that, for individual employees, increase gradually over time so that sufficient assets will be available to pay benefits when due. The Town contributions to the Plan totaled \$384,416 for the year ended September 30, 2008.

Initially employees were required to contribute either 5% of their salary or after October 1, 1979, members as of that date had the irrevocable option to contribute either 5% or 7% of their compensation. Effective July 1, 1996, each member had the irrevocable option to increase his or her contribution rate from 5% to 7% or 8% of compensation. See the section below entitled Police Officers for the funding policy and service retirement benefits and other provisions for Police Officers effective October 1, 2005.

Police Officers

The Town negotiated a Contract with the Police Officers, which included several changes in the Retirement Plan provisions only for certified law enforcement members of the Plan. Some of the changes are summarized as follows:

Police Officers contribute eight percent (8%) of earnable compensation to the Plan.

The Retirement Plan multiplier for creditable service rendered on or after October 1, 2005, is 3% of the monthly average final compensation multiplied by the number of years of creditable service on or after October 1, 2005.

The benefit accrual was increased to 3-1/2% for creditable service rendered on or after October 1, 2007.

At a multiplier of 3-1/2%, the maximum total annuity payable to a Police Officer is ninety percent of average final compensation.

The Town maintains a five-year Deferred Retirement Option (DROP) Program for Police Officers. The eligibility requirement is attainment of normal retirement date. The maximum period of participation in the DROP is five years. A Police Officer's account shall be credited with interest based upon the actual Fund investment return. No payments may be made from the DROP until the employee actually separates from service with the Town.

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

NOTE 8. EMPLOYEE RETIREMENT PLAN (Continued)

Summary of Significant Accounting Policies

Basis of Accounting

The Retirement Plan for Employees of the Town of Surfside's financial statements are prepared on the accrual basis of accounting, reflecting income when earned and contributions for the year (regardless of when received) and expenses and other obligations when incurred (regardless of when paid). Benefit payments and refunds of contributions are recorded as they become due, and payable in accordance with the terms of the Plan. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and payable, and the employer has made a formal commitment to provide the contributions.

Method Used to Value Investments

The Retirement Plan investments are reported at fair value, and are managed by third-party money managers. The Retirement Plan's custodian and individual money manager price each instrument (using various third party pricing sources) and reconcile material differences. Investments that do not have an established market are reported at estimated value. Performance reporting, manager fees, and the retirement's asset valuation are based on the custodian's determination of value.

The net assets of the Retirement Fund are the difference between the total plan assets and the total plan liabilities, and are held in trust for pension benefits.

Both realized and unrealized gains/losses are recognized under the Net Appreciation (Depreciation) in the Fair Value of Investments.

Investment and administrative expenses of the Plan may be paid either by the Town or by the Plan. It is the policy of the Town that these expenses are to be paid by the Plan.

Annual Pension Cost and Net Pension Asset

The Town's annual pension cost and net pension asset for the current year are as follows:

Annual required contribution	\$ 384,905
Interest on Net Pension Asset (NPA)	(17,038)
Adjustment to ARC	19,417
Annual pension cost	387,284
Town contributions	(384,416)
Decrease in NPA	2,868
Net pension obligation (asset):	
Beginning of year	(227,176)
End of year	<u>\$ (224,308)</u>

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 8. EMPLOYEE RETIREMENT PLAN (Continued)

Annual Pension Cost and Net Pension Asset (Continued)

Annual Pension Cost (APC) is a measure of the periodic cost of an employer's participation in a defined benefit pension plan. The APC for the last three fiscal years follows:

<u>Fiscal Year End</u>	<u>Three Year Trend Information</u>		
	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
September 30, 2006	\$ 205,246	100%	\$ (229,395)
September 30, 2007	266,589	100%	(227,176)
September 30, 2008	387,284	99%	(224,308)

Funded Status and Funding Progress

The funded status of the Plan as of October 1, 2007, the most recent actuarial valuation date, is as follows:

<u>Actual Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) - Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b) - (a)</u>	<u>Funded Ratio (a) / (b)</u>	<u>Annual Covered Payroll (c)</u>	<u>UAAL As % of Covered Payroll (b - a) / c</u>
October 1, 2007	\$ 11,201,453	\$ 10,225,271	\$ (976,182)	109.5%	\$ 3,978,291	-24.5%

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the AAL for benefits.

Additional information as of the October 1, 2006, Actuarial valuation Report, which was used to compute the annual required contribution for the year ended September 30, 2008, is as follows:

The Actuarial Valuation Report dated October 1, 2007 will be used to compute the Town's pension contribution for the year ending September 30, 2009 is as follows:

	October 1, 2006	October 1, 2007
Actuarial valuation date	October 1, 2006	October 1, 2007
Contribution rates:		
Employer	7.3%	9.7%
Plan members	6.8%	6.9%
Actuarial cost method	Entry age	Entry age
Amortization method	Level dollar amount, closed	Level dollar amount, closed
Remaining amortization period	30 years	29 years
Asset valuation method	Five-year smoothed market	Five-year smoothed market
Actuarial assumptions		
Investment rate of return*	7.5%	7.5%
Projected salary increases*	6.0%	6.0% - 15.0%
Cost of living adjustments	1.5%	1.5%
*Includes inflation at	4.0%	4.0%

TOWN OF SURFSIDE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 9. COMMITMENTS AND CONTINGENCIES

Risk Management

The Town is exposed to various risks and losses related to torts, theft of or damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Town participates with other municipalities and governmental units in a public entity risk pool administered by the Florida League of Cities Public Risk Services known as the Florida Municipal Insurance Trust (FMIT). The Town pays annual premiums to the FMIT for its general liability insurance, commercial real and personal property, including electronic data processing equipment, automobile, liability, and physical damage insurance coverage.

The Town also participates in the Florida League of Cities public risk pool known as the Florida Municipal Self Insurers Fund (FMSIF) to which it pays annual premiums for its workers compensation insurance. The agreement with these public risk pools provide that the pools will be self-sustaining through member premiums and will reinsure through commercial companies for workers' compensation and liability insurance for claims in excess of \$1,000,000. All policies are issued by FMIT and FMSIF on a non-assessable basis.

The Town maintains commercial insurance for corporate fiduciary liability, flood, and windstorm coverage. There was no reduction in insurance coverage from the prior year and there were no settlements that exceeded insurance coverage for each of the past three years.

Litigation

The Town is a defendant in various lawsuits including personal injury claims, challenges to Town zoning Ordinances, and general liability claims. It is the opinion of Town Management, after giving consideration to its insurance coverage and Florida Statutory limitations of governmental liability, that the ultimate resolution of these matters will not have a material adverse effect on the financial position and results of operations for the year ended September 30, 2008, as presented in the accompanying financial statements. Thus, no liability for these various claims has been included in these financial statements.

NOTE 10. FUND DEFICITS

The Sanitation Fund has a deficit balance in unrestricted net assets as of September 30, 2008 of \$296,003 and a total fund deficit of \$200,463. The stormwater utility fund also has a deficit fund balance in unrestricted net assets as of September 30, 2008 of \$163,728. In addition, the Library Fund has an unreserved undesignated deficit of \$30,245. The deficit in the sanitation and stormwater funds were addressed through rate increases which are effective October 1, 2008.

**REQUIRED SUPPLEMENTARY INFORMATION
(OTHER THAN MD&A)**

TOWN OF SURFSIDE, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE GENERAL FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
Revenues:				
Property taxes	\$6,371,676	\$6,371,676	\$6,292,755	\$ (78,921)
Resort taxes	376,000	376,000	278,418	(97,582)
Utility taxes	440,000	440,000	438,335	(1,665)
Communications services tax	305,500	305,500	337,348	31,848
Franchise taxes	262,000	262,000	463,823	201,823
Licenses and permits	328,600	328,600	169,749	(158,851)
Intergovernmental	657,200	657,200	664,088	6,888
Charges for services	151,200	151,200	125,120	(26,080)
Fines and forfeitures	166,000	166,000	205,588	39,588
Interest income	550,000	550,000	144,795	(405,205)
Miscellaneous	22,800	22,800	41,621	18,821
Total revenues	<u>9,630,976</u>	<u>9,630,976</u>	<u>9,161,640</u>	<u>(469,336)</u>
Expenditures:				
Current:				
General government:				
Legislative	346,505	346,505	705,107	(358,602)
Legal services	600,000	600,000	770,968	(170,968)
Executive, finance and administration	<u>2,719,354</u>	<u>2,720,694</u>	<u>2,019,488</u>	<u>701,206</u>
Total general government	<u>3,665,859</u>	<u>3,667,199</u>	<u>3,495,563</u>	<u>171,636</u>
Public safety	3,615,524	3,618,728	3,578,156	40,572
Public works	767,543	768,339	832,320	(63,981)
Culture and recreation	<u>1,189,209</u>	<u>1,190,005</u>	<u>1,301,692</u>	<u>(111,687)</u>
Total expenditures	<u>9,238,135</u>	<u>9,244,271</u>	<u>9,207,731</u>	<u>36,540</u>
Excess (deficiency) of revenues over expenditures	<u>392,841</u>	<u>386,705</u>	<u>(46,091)</u>	<u>(432,796)</u>
Other financing uses:				
Transfers out	<u>(392,841)</u>	<u>(392,841)</u>	<u>(392,841)</u>	<u>-</u>
Total other financing uses	<u>(392,841)</u>	<u>(392,841)</u>	<u>(392,841)</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ (6,136)</u>	<u>\$ (438,932)</u>	
Appropriated beginning fund balance	<u>\$ -</u>	<u>\$ 6,136</u>		

See notes to budgetary comparison schedule.

TOWN OF SURFSIDE, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

NOTES TO BUDGETARY COMPARISON SCHEDULES

FISCAL YEAR ENDED SEPTEMBER 30, 2008

NOTE 1. BUDGETS AND BUDGETARY ACCOUNTING

The Town follows these procedures to establish the budgetary data reflected in the financial statements:

Annual appropriated budgets for the governmental (except for the capital projects fund) and proprietary funds are adopted on a basis consistent with accounting principles generally accepted in the United States.

1. Prior to August 1, the Town Manager submits to the Town Commission a proposed operating budget for the fiscal year commencing the following October 1. The budget includes proposed expenditures and the means of financing them.
2. The Town Commission holds a public workshop on the proposed budget. Formal public hearings are conducted in September to obtain taxpayers' comments.
3. Prior to October 1, the budget is legally adopted by resolution.

Budgets are monitored at department level, the legal level of budgetary control. Budgetary control over expenditures, including capital outlay and transfers, is maintained at the department level whereby management cannot transfer or over expend appropriations at the individual department level. Beginning fund balances, available for financing current appropriations, are considered in the budgetary process but are not included in the financial statements of the governmental fund types as budgeted revenues.

The Town Manager is authorized to transfer part or all of an encumbered appropriation balance within a particular department; however, any revisions that alter the total appropriations of any department and/or fund must be approved by the Town Commission.

If during the course of the fiscal year, it becomes evident that a particular department is unable to provide the required level of services to the Town because of higher costs of providing services, or unforeseen circumstances, the budget may be amended. The Town Manager submits to the Town Commission a request to amend the budget. The request contains explanations, and includes a proposal for financing if additional appropriations are requested. The amendment requires the Town Commission approval and adoption.

During the fiscal year ended September 30, 2008, there were supplemental appropriations of \$6,136 in the General Fund.

NOTE 2. For the fiscal year ended September 30, 2008, expenditures exceeded appropriations in Legislative, Legal Services, Public Works, Culture and Recreation by \$358,602, \$170,968, \$63,981, and \$111,687, respectively. The differences are primarily due to the fact that an interim Town Manager entered into various contractual commitments without detailed knowledge over individual departmental budget appropriation. However, overall, total actual general fund expenditures were less than the total budgeted expenditures.

TOWN OF SURFSIDE, FLORIDA
RETIREMENT PLAN FOR EMPLOYEES
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS

Actual Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Annual Covered Payroll (c)	UAAL As % of Covered Payroll (b - a) / c
10/1/03	\$8,424,226	\$7,359,513	\$(1,064,713)	114.5%	\$2,793,332	-38.1%
10/1/04	9,649,666	7,823,748	(1,825,918)	123.3%	2,857,045	-63.9%
10/1/05	9,924,144	8,992,940	(931,204)	110.4%	3,170,278	-29.4%
10/1/06	10,500,533	9,980,193	(520,340)	105.2%	3,653,148	-14.2%
10/1/07	11,201,453	10,225,271	(976,182)	109.5%	3,978,291	-24.5%
10/1/08	11,701,487	10,971,286	(730,201)	106.7%	4,568,544	-16.0%

TOWN OF SURFSIDE, FLORIDA
RETIREMENT PLAN FOR EMPLOYEES
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended <u>September 30.</u>	Annual Required Contribution (ARC)	Percentage <u>Contributed</u>
2003	\$ -	N/A
2004	-	N/A
2005	-	N/A
2006	203,274	114%
2007	264,370	100%
2008	384,905	100%

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Tourism Fund – This fund is used to account for the portion of the resort tax collections, which are to be designated to promote tourism related activities of the Town which are restricted to approved functions and activities.

Library Fund – This fund is used to account for the operations of the Surfside Library.

Transportation Surtax Fund – This fund is used to account for the proceeds of the Town's allocable share of the Miami-Dade County Transit System Surtax. The expenditures from this fund are restricted to specific purposes.

Police Forfeiture Fund – This fund is used to account for the proceeds of police forfeitures and confiscations, and expenditures, which are restricted to approved functions and activities.

SPECIAL PROJECTS FUND

Special Projects Fund – This fund is used to account for the special projects of the Town, mainly capital, which have received the approval of the Town Commission. This fund was closed out to the Capital Projects fund during the fiscal year ended September 30, 2008.

TOWN OF SURFSIDE, FLORIDA

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2008

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Tourism	Library	Transportation Surtax	Police Forfeiture	Total	Special Projects
<u>ASSETS</u>						
Cash and cash equivalents	\$187,160	\$ -	\$ 448,219	\$ 80,551	\$715,930	\$ -
Investments	-	-	-	14,009	14,009	-
Accounts receivable	11,867	-	41,970	53,762	107,599	-
Prepays	5,481	3,109	-	-	8,590	-
Total assets	<u>\$204,508</u>	<u>\$ 3,109</u>	<u>\$ 490,189</u>	<u>\$148,322</u>	<u>\$846,128</u>	<u>\$ -</u>
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Accounts payable	211	5,052	21,010	1,665	27,938	-
Accrued liabilities	706	3,682	-	-	4,388	-
Due to other funds	-	21,511	-	-	21,511	-
Total liabilities	<u>917</u>	<u>30,245</u>	<u>21,010</u>	<u>1,665</u>	<u>53,837</u>	<u>-</u>
Fund balances:						
Reserved for prepaids	5,481	3,109	-	-	8,590	-
Unreserved, undesignated (deficit)	198,110	(30,245)	469,179	146,657	783,701	-
Total fund balances (deficit)	<u>203,591</u>	<u>(27,136)</u>	<u>469,179</u>	<u>146,657</u>	<u>792,291</u>	<u>-</u>
Total liabilities and fund balances	<u>\$204,508</u>	<u>\$ 3,109</u>	<u>\$ 490,189</u>	<u>\$148,322</u>	<u>\$846,128</u>	<u>\$ -</u>

TOWN OF SURFSIDE, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2008

	Special Revenue Funds						Total Nonmajor Governmental Funds
	Tourism	Library	Transportation Surtax	Police Forfeiture	Total	Special Projects	
Revenues:							
Resort taxes	\$ 145,861	\$ -	\$ -	\$ -	\$ 145,861	\$ -	\$ 145,861
Fines	-	46	-	-	46	-	46
Forfeitures	-	-	-	81,690	81,690	-	81,690
Intergovernmental	-	-	223,419	-	223,419	-	223,419
Interest	4,813	-	4,965	6,003	15,781	-	15,781
Miscellaneous	7,780	102	-	-	7,882	-	7,882
Total revenues	<u>158,454</u>	<u>148</u>	<u>228,384</u>	<u>87,693</u>	<u>474,679</u>	<u>-</u>	<u>474,679</u>
Expenditures:							
General government	217,419	250,387	-	-	467,806	-	467,806
Public safety	-	-	-	114,882	114,882	-	114,882
Transportation	-	-	159,979	-	159,979	-	159,979
Capital outlay	-	35,175	-	213,792	248,967	-	248,967
Total expenditures	<u>217,419</u>	<u>285,562</u>	<u>159,979</u>	<u>328,674</u>	<u>991,634</u>	<u>-</u>	<u>991,634</u>
Excess (deficiency) of revenues over (under) expenditures	(58,965)	(285,414)	68,405	(240,981)	(516,955)	-	(516,955)
Other financing sources							
Transfers in	-	281,901	-	-	281,901	-	281,901
Transfers out	-	-	-	-	-	(2,383,200)	(2,383,200)
Total other financing sources (uses)	<u>-</u>	<u>281,901</u>	<u>-</u>	<u>-</u>	<u>281,901</u>	<u>(2,383,200)</u>	<u>(2,101,299)</u>
Net change in fund balances	(58,965)	(3,513)	68,405	(240,981)	(235,054)	(2,383,200)	(2,618,254)
Fund balances (deficit), beginning	<u>262,556</u>	<u>(23,623)</u>	<u>400,774</u>	<u>387,638</u>	<u>1,027,345</u>	<u>2,383,200</u>	<u>3,410,545</u>
Fund balances (deficit), ending	<u>\$ 203,591</u>	<u>\$ (27,136)</u>	<u>\$ 469,179</u>	<u>\$ 146,657</u>	<u>\$ 792,291</u>	<u>\$ -</u>	<u>\$ 792,291</u>

TOWN OF SURFSIDE, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL TOURISM FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u> <u>Budget -</u> <u>Positive</u> <u>(Negative)</u>
Revenues:				
Resort taxes	\$ 157,000	\$ 157,000	\$ 145,861	\$ (11,139)
Interest	-	-	4,813	4,813
Miscellaneous	<u>15,800</u>	<u>15,800</u>	<u>7,780</u>	<u>(8,020)</u>
Total revenues	<u>172,800</u>	<u>172,800</u>	<u>158,454</u>	<u>(14,346)</u>
Expenditures:				
Current:				
General government	205,120	206,429	217,419	(10,990)
Capital outlay	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>206,120</u>	<u>206,429</u>	<u>217,419</u>	<u>(10,990)</u>
Deficiency of revenues over expenditures	<u>(33,320)</u>	<u>(33,629)</u>	<u>(58,965)</u>	<u>(25,336)</u>
Net changes in fund balances	<u>\$ (33,320)</u>	<u>\$ (33,629)</u>	<u>\$ (58,965)</u>	<u>\$ (25,336)</u>
Appropriated beginning fund balance	<u>\$ 33,320</u>	<u>\$ 33,629</u>		

TOWN OF SURFSIDE, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL LIBRARY FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u> <u>Budget -</u> <u>Positive</u> <u>(Negative)</u>
Revenues:				
Charges for services	\$ -	\$ -	\$ -	\$ -
Fines	-	-	46	46
Interest	-	-	-	-
Miscellaneous	-	569	102	(467)
Total revenues	-	569	148	(421)
Expenditures:				
Current:				
General government	246,935	246,004	250,387	(4,383)
Capital outlay	34,966	36,466	35,175	1,291
Total expenditures	281,901	282,470	285,562	(3,092)
Deficiency of revenues over expenditures	(281,901)	(281,901)	(285,414)	(3,513)
Other financing sources:				
Transfers in	281,901	281,901	281,901	-
Net changes in fund balances	\$ -	\$ -	\$ (3,513)	\$ (3,513)

TOWN OF SURFSIDE, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL TRANSPORTATION SURTAX FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u> <u>with Final</u> <u>Budget -</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
Revenues:				
Intergovernmental	\$ 185,300	\$ 225,543	\$ 223,419	\$ (2,124)
Interest	3,300	3,300	4,965	1,665
Total revenues	<u>188,600</u>	<u>228,843</u>	<u>228,384</u>	<u>(459)</u>
Expenditures:				
Current:				
General government	<u>188,600</u>	<u>228,843</u>	<u>159,979</u>	<u>68,864</u>
Total expenditures	<u>188,600</u>	<u>228,843</u>	<u>159,979</u>	<u>68,864</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>68,405</u>	<u>68,405</u>
Net changes in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,405</u>	<u>\$ 68,405</u>

TOWN OF SURFSIDE, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL POLICE FORFEITURE FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u> <u>Budget -</u> <u>Positive</u> <u>(Negative)</u>
Revenues:				
Forfeitures	\$ -	\$ -	\$ 81,690	\$ 81,690
Interest earnings	<u>21,000</u>	<u>21,000</u>	<u>6,003</u>	<u>(14,997)</u>
Total revenues	<u>21,000</u>	<u>21,000</u>	<u>87,693</u>	<u>66,693</u>
Expenditures:				
Current:				
Public safety	45,000	45,000	114,882	(69,882)
Capital outlay	<u>275,000</u>	<u>275,000</u>	<u>213,792</u>	<u>61,208</u>
Total expenditures	<u>320,000</u>	<u>320,000</u>	<u>328,674</u>	<u>(8,674)</u>
Deficiency of revenues under expenditures	<u>(299,000)</u>	<u>(299,000)</u>	<u>(240,981)</u>	<u>58,019</u>
Net change in fund balances	<u>\$ (299,000)</u>	<u>\$ (299,000)</u>	<u>\$ (240,981)</u>	
Appropriated beginning fund balance	<u>\$ 299,000</u>	<u>\$ 299,000</u>		

TOWN OF SURFSIDE, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL SPECIAL PROJECTS FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u>
				<u>Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Interest earnings	\$ 117,000	\$ -	\$ -	\$ -
Total revenues	<u>117,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Current:				
Physical environment	117,000	-	-	-
Total expenditures	<u>117,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing uses:				
Transfers out	<u>-</u>	<u>-</u>	<u>(2,383,200)</u>	<u>(2,383,200)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,383,200)</u>	